
EARLY RETIREMENT/VOLUNTARY SEVERANCE

Report by Chief Executive

Scottish Borders Council

10 March 2016

1 PURPOSE AND SUMMARY

1.1 This report seeks approval for six members of staff who have requested early retirement and voluntary severance. These volunteers have the support of the Chief Executive, Depute Chief Executives and Service Directors.

1.2 Council agreed a revised policy for both compulsory redundancy and voluntary severance/early retirement schemes in August 2010. The scheme was open to all staff, except teachers. It was extended to teachers for the period between January and March 2015. As part of the Council's Financial and People plans the voluntary severance/early retirement scheme is being operated with a focused approach to seeking applications from staff in areas where specific budget reductions have been identified.

1.3 In February 2016 six applications have been received which are supported by the relevant Depute Chief Executive or Service Director. Should all six applications be agreed, total one-off costs of £321,762 will be incurred and total direct recurring employee cost savings of £274,602 will be delivered each year, demonstrating an average payback period of 1.26 years which is an attractive proposition for the Council.

1.4 Because one of the applicants is the Service Director Commercial Services and this post will be deleted, the functions assigned to that role in the Council's Scheme of Delegation (Appendix 1) will require to be reassigned to other Council Officers should that application be approved.

2 RECOMMENDATIONS

2.1 I recommend that the Council approves the current six applications as detailed in table 1 with the associated costs being met from the voluntary severance/early retirement budget for 2015/16 of £321,762; and

approves the removal of the post of Service Director – Commercial Services from the Scheme of Delegation and reassigns the functions delegated to that post as detailed in paragraph 5.7.

3 EARLY RETIREMENTS AND VOLUNTEERS FOR SEVERANCE BACKGROUND

3.1 At its meeting of 19th August 2010, Scottish Borders Council agreed a revised policy for both compulsory redundancy and voluntary severance/early retirement schemes, including the creation of a budget provision to fund such applications in future years. Following this, the Executive agreed that in order to enable the Council to deliver an affordable balanced financial plan for 2012/13 and beyond, this revised policy would be open to all staff indefinitely and teachers as required, which would allow the organisation to reduce its overall staff numbers. From January 2016, applications are only being considered from staff in certain areas who have been invited to apply.

3.2 Definitions

- early retirement: voluntary retirements in the interests of efficiency for staff over the age of 50 who can access pension
- voluntary severance: where staff are allowed to volunteer to leave the organisation with a compensation payment. This payment is based on age and length of service and may be paid alongside early retirement.

3.3 The current Corporate Management Team structure was implemented 20 months ago with the intention that the structure be reviewed after it had been in place for 18 months. Following that review the post of Service Director Strategy and Policy was deleted. As a result of further review work and related organisational structure change which is aligned to the financial plan, the post of Service Director Commercial Services no longer has a sustainable group of services. It is therefore proposed that the post is removed and the remaining responsibilities reassigned to other Service Directors.

3.4 If the post of Service Director, Commercial Services is deleted, that role exercises a number of delegated functions in terms of the Council's Scheme of Delegation (Appendix 1). In that event, the functions will require to be re-allocated to other Officers. It is proposed that the functions be allocated as recommended in Paragraph 5.7 of this report.

4. PROPOSALS

4.1 Following Council approval offers will be confirmed to individuals. The leaving date for all postholders will be 31 March 2016. Six applications have been approved in principal, reducing FTE posts by 5. A summary of the approved applications by department and FTE equivalent is summarised below in Table 1 below.

Table 1

Dept	Post title	Annual Saving	Severance Cost	Strain on Fund	Payback	FTE reduction or replacement
Place	Service Director Commercial Services	£95,787	£57,590	£79,477	1.43 years	-1
Place	Neighbourhood Operative	£23,386	£14,032	£46,825	2.60 years	-1
Place	Neighbourhoods Foreperson	£35,337	£23,233	£0	0.66 years	-1
Place	Bus Operative	£16,542	£9,044	£14,291	1.41 years	+ 1 Modern Apprentice
Place	Wellbeing and Safety Adviser	£52,192	£20,233	0	0.39	-1
People	Programme Manager	£51,358	£35,573	£21,464	1.12 years	-1
Total		£274,602	£159,705	£162,057	1.26	-5

5 IMPLICATIONS

5.1 Financial

- (a) The purpose of this exercise is to facilitate the reduction in overall employment costs to the Council. As detailed above, an assessment has been made of potential savings in each Department and considered against the estimated costs incurred and overall efficiency in terms of non-financial benefits. There is sufficient funding available within the 2015/16 Early Retirement / Voluntary Severance budget to meet the cost of these applications.
- (b) In total, £274,602 of direct recurring employee cost savings will be delivered in year 1, should all of the above 6 applications be accepted. A breakdown of the expected net annual staffing savings by department is detailed in Table 2 below.

Table 2 – Expected employee cost savings Year 1

Department	Employee cost savings nearest £
People	51,358
Place	223,244
Total	274,602

- (c) The financial payback associated with each of the proposals above varies however; the average payback period for all staff is 1.26 years, which is an attractive proposition for the Council. The associated costs of £321,762 will be met by the 2015/16 Early Retirement/Voluntary Severance provision.

5.2 Risk and Mitigations

- (a) If approval to proceed with the voluntary severance is not given, the savings will not start to be realised from the beginning of the financial year 2016/17.
- (b) As part of the monitoring of Early Retirement/Voluntary Severance decisions it is important that members are aware of the impact on the composition of scheme membership, arising through people granted Early Retirement/Voluntary Severance leaving the service of the Council.
- (c) Should the balance of pension fund membership change substantially due to Early Retirement/Voluntary Severance decisions there may be a need to change the funding strategy of the pension fund towards more income generating investments.
- (d) The Local Government pension fund continues to keep the composition of membership under review to ensure that the future funding strategy is optimised with respect to the relative number of active scheme members to pensioners drawing benefits.

5.3 Equalities

- (a) An Equalities Impact Assessment has been carried out on this proposal and it is anticipated that there are no adverse equality implications.
- (b) The creation of a new role of Modern Apprentice in place of the role of Bus Operations Assistant will assist in the Council's aim to create opportunities for young people.

5.4 Acting Sustainably

There are no economic, environmental or social effects.

5.5 Carbon Management

There are no effects on the Council's carbon emissions

5.6 Rural Proofing

Not applicable

5.7 **Changes to Scheme of Administration or Scheme of Delegation**

Because the post of Service Director - Commercial Services will be deleted the functions delegated to that post in the Council's Scheme of Delegation require to be re-assigned. I recommend that the functions are assigned to Service Directors as detailed below.:-

Functions to be delegated to Chief Officer Roads

SBC Contracts

To carry out all functions and responsibilities (except where a specific professional qualification is required to be held) in terms of all relevant legislation and regulations, and within policy and budget, for SBC Contracts.

To carry out all functions and responsibilities in terms of relevant legislation and regulations, and within policy and budget, for SBC Contracts, operating as a Trading Organisations. SBC Contracts is designated a Significant Trading Organisation (STO) in terms of the Act.

Functions to be delegated to Service Director Regulatory Services.

Passenger Transport

To carry out all functions and responsibilities (except where a specific professional qualification is required to be held) in terms of all relevant legislation and regulations, and within policy and budget, for the Passenger Transport Service.

Functions to be delegated to Service Director Assets and Infrastructure (formerly known as Capital Projects)

Specific Delegated Functions

1. Conduct, or authorise staff to conduct, in consultation with local Members, the following activities as appropriate in order to promote a CPO and subsequent acquisition of land in terms of relevant legislation and regulations:-
 - (i) Instruct legal searches to identify owners and others with legal interest in the land to be acquired;
 - (ii) Prepare a scheme for intended use of the Land;
 - (iii) Procure a development partner to provide delivery of the desired use of the land through the competitive tendering process;
 - (iv) Negotiate a "framework agreement" with the Development partner for the delivery of the desired use of the land;
 - (v) Prepare a "Statement of Reasons" to promote a CPO;
 - (vi) Draft Compulsory Purchase Order;

- (vii) Give Notice of Making of the Order by Advertisement and Service;
- (viii) Submit the Order to the Confirming Authority;
- (ix) Attend and submit evidence at any Public Local Inquiry which may be called;
- (x) Give Notice of Confirmation of the Order by advertisement and Service on interested parties;
- (xi) Follow statutory procedure to take title and entry of the land; and
- (xii) Conduct any other activity necessary for successful promotion of a CPO and subsequent acquisition of land.

Facilities and Estates

To carry out all functions and responsibilities (except where a specific professional qualification is required to be held) in terms of all relevant legislation and regulations, and within policy and budget, for the Facilities and Estates Management Service,

Specific functions of Council delegated:-

1. Seek external work within the scope of current legislation.
 2. Act as corporate client for Council property.
 2. In consultation with the Chief Financial Officer, the Chief Legal Officer and where appropriate, operational departments, undertake:-
 3.
 - Disposals of land and/or buildings.
 - Acquisitions of land and/or buildings.
 - Negotiations for leases of land and/or buildings to or from the Council including new leases, lease renewals, lease variations and associated consents/permissions for alteration works, assignments and sublettings etc
 - The negotiation of charges for the use of open spaces for fairgrounds, circuses and other outdoor events.
 - Rent reviews affecting land and/or buildings, including charges associated with the use of public parks and open spaces.
 - Negotiations for wayleaves, rights of way, servitudes, and deeds of dedication etc affecting land and/or buildings.
 - The negotiation of excambions and part exchanges involving land and/or buildings.
 - The negotiation of compensation claims arising from compulsory purchase orders and other legislation entitling the Council to take entry onto land and/or buildings.
- In doing so the Service Director is authorised to negotiate and agree provisional heads of terms at market value up to a capital value of £500,000, and conclude land and/or buildings related transactions and/or agreements in consultation with the Chief Financial Officer, the Chief Legal Officer and where appropriate, operational departments
4. For land and/or buildings with a capital value of less than £500,000 declared surplus, and not required by any other department, the Service Director shall consult with local Members, the appropriate Executive

Member, the Chief Financial Officer and the Chief Legal Officer to determine the future of the property.

5. In consultation with the Chief Financial Officer, the Chief Legal Officer and where appropriate, operational departments, terminate leases and initiate the recovery of property and rent arrears; and allow the surrender of leases where a business intends to expand into larger Council premises or allow the surrender of a lease when a tenant runs into serious financial difficulties.
6. Undertake maintenance works that are not the responsibility of the Council under lease agreements or title obligations, to protect the Council's position, where the liable party is unable to meet its obligations.
7. Seek work to balance work load within the scope of current legislation.
8. Seek work within the current scope of legislation.

Engineering Infrastructure

To carry out all functions and responsibilities (except where a specific professional qualification is required to be held) in terms of all relevant legislation and regulations, and within policy and budget, for the Engineering Infrastructure Service.

Specific Delegated Functions

1. After consultation with the Chief Executive or Depute Chief Executive, agree terms for Bridge Agreements with Rail Property Ltd, Railtrack PLC or their successors and terms of discharge of the Council's liability for annual maintenance and renewal charges in that connection.
2. After consultation with the Chief Constable consider and, where acceptable in road safety terms, approve locations for advertisements on road safety barriers and similar structures.
3. Act as "Engineer" or appoint an "Engineer" in accordance with the terms and conditions appropriate to Council roads and transportation contracts, or other client contracts.
4. Seek external work to balance workload within the scope of current legislation.
5. Make charges for consultancy work.
6. Authorise the Temporary Traffic Regulation Orders. (Road Traffic Regulations Act 1984).
7. Instruct the relevant officers to grant wayleaves in respect of public utilities and utility companies.
8. Seek external work to balance workload within the scope of current legislation.

9. Subject to funds being available, acquire "Bargain" used or ex-demonstration plant and equipment in conjunction with the Head of Procurement and Chief Financial Officer.
10. Authorise staff, in consultation with local Members, to promote Traffic Regulation Orders.
11. Make arrangements for the management of car parks, etc.
12. Approve the use of car parks, or part thereof, by other persons or bodies, and, following consultation with the Chief Financial Officer, determine the imposition or waiving of charges for such use.
13. Erect and keep in position barriers on roads for the purposes of securing public order or public safety.
14. Authorise school transport services to carry fare paying passengers. (Public Passenger Vehicles Act 1981)
15. Authorise not-for-profit community groups to make use of Council minibuses. (Transport Acts).
16. Enter into agreements with neighbouring authorities for passenger transport route planning across the Council's boundaries.
17. Manage the poor performance of transport providers within the conditions of contract. Failure to comply with any contract may result in the termination of the contract.
18. Authorise Service Level Agreements with internal and external clients.
19. Authorise location of and the maintenance of bus shelters, bus stops and timetable cases.
20. Authority to respond to government and other passenger transport related consultations, surveys and enquiries on behalf of the Council.

6 CONSULTATION

6.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted and any comments received have been incorporated into the final report.

Approved by

**Tracey Logan
Chief Executive**

Signature

Author(s)

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Background Papers: Nil

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